

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BREATHITT COUNTY)	
WATER DISTRICT OF BREATHITT COUNTY,)	
KENTUCKY, FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES)	2003-00435
PURSUANT TO KRS 278.023)	

O R D E R

On November 24, 2003, Breathitt County Water District ("Breathitt Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a new \$1,377,000 waterworks improvement project. The authority to petition the County Judge/Executive of Breathitt County, Kentucky for the Establishment of a Water District was granted by the Commission on December 2, 1999 in Case No. 1998-00502. Breathitt District was formally created by adoption of Ordinance No. 81-21-2003A by the Breathitt County Fiscal Court on August 28, 2003. The proposed project consists of the installation of approximately 7 miles of 8-inch through 6-inch water transmission mains, a booster pumping station, and a 106,000-gallon water storage tank with telemetry and related appurtenances to provide new service to approximately 174 residential customers, plus the Highland Turner Elementary School, through an 8-inch connection with the city of Jackson. Project funding consists of an Appalachian Regional Commission ("ARC") grant in the amount of \$500,000, which is being administered by the United States Department of Agriculture, acting through Rural

Development (“RD”); a Kentucky Infrastructure Authority (“KIA”) coal development fund grant in the amount of \$549,000; a KIA single county coal restricted fund grant in the amount of \$279,500; a local school contribution in the amount of \$2,000; and a \$46,500 contribution from the applicant.

Breathitt Water’s application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in the case on November 24, 2003, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Breathitt Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Breathitt Water’s proposed plan of financing is accepted.
3. Breathitt Water shall file a copy of the “as-built” drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.
4. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.
5. Breathitt Water shall file a new tariff to include the initial rates as set out in Appendix A within 30 days of the date of this Order.

6. Breathitt Water shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

7. Breathitt Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

8. Three years from the effective date of this Order, Breathitt Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 23rd day of December, 2003.

By the Commission

ATTEST:

Depnty Wm H. I. Barker
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2003-00435 DATED December 23, 2003

The following rates and charges are prescribed for the customers in the area served by Breathitt County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First 2,000 gallons	\$19.90 Minimum Bill
Over 2,000 gallons	9.95 per 1,000 gallons